

**WORK SESSION  
OF THE BRIGHAM CITY COUNCIL  
TO HOLD A PUBLIC HEARING ON UTOPIA  
JUNE 17, 2010  
5:30 P.M.  
COMMUNITY CENTER, 24 NORTH 300 WEST**

PRESENT:	Dennis Fife	Mayor
	Bruce Christensen	Councilmember
	Scott Ericson	Councilmember ( <i>via phone</i> )
	Ruth Jensen	Councilmember
	Bob Marabella	Councilmember
	Tyler Vincent	Councilmember
ALSO PRESENT:	Jim Buchanan	EMS Director
	Mary Kate Christensen	City Recorder
	Paul Larsen	Community & Economic Development Director
	Bruce Leonard	City Administrator
	Jason Roberts	Finance Director
	Paul Tittensor	Chief of Police

Mayor Fife explained the history of UTOPIA. Brigham City is in a unique situation because it is all built out, except for about 300 households. The other member cities are not. The City bonded in order to complete the network. There was money set aside in an escrow account, then it was released to pay for that work. He explained that UTOPIA has not been able to meet all their operating expenses, so member cities have had to meet their pledges, including Brigham City. The only way to get out of paying more pledges is if there are enough connections so UTOPIA can take over the bond payments as well as pay Brigham City back.

The Utah Infrastructure Agency (UIA) has already been formed. This will be the arm where they will finance more money to build out other cities and help construction go forward. They have created a growth plan for the next five years. They are asking Brigham City to help contribute because UTOPIA has contributed to some of Brigham City's build out. Brigham City is in a unique situation; we can either be a shining star or be a failure.

Brigham City is only 3.3% of the UTOPIA population, yet we have fiber optics now. Brigham City shouldn't have to contribute as much as other cities because they bonded to build out the City and has done more than any other City. The amount they are requesting is still under negotiations. These payments would be a pledge. UTOPIA is hoping to not have to call on these pledges. If they get the income they expect, those pledges will not be called unless there is trouble with their operations. If they get the take rate needed, in four years they should be able to pay back the original commitment.

Councilmember Marabella made a motion to open the public hearing, seconded by Councilmember Jensen and unanimously carried.

Kris Powers, 480 S 800 W – Ms. Powers stated that she was one of the people who stuck their head in the sand when UTOPIA was first introduced to the community. She didn't pay any attention and was not very interested. Several years went by and she started hearing more about it. With an open mind, she started asking questions and doing some research. As time went on and she was able to understand the basic concept, she became more excited and could see this would be a benefit to the community. She became a supporter at that point. Several months later her son, Joshua Powers, became employed by UTOPIA as their Community Development Director. As with anyone's child, they usually come home all excited about their new job and start talking to their parents about it. Josh and Ms. Powers had several conversations about UTOPIA and with each conversation it reaffirmed her support and she knew she had made the right decision. She continued doing research and talking to people who were not associated with UTOPIA; people in the economic sector of the community and other business owners. She discovered what the true value of this could be and decided she wanted to be publicly involved in a positive way.

Some citizens claim they were not fully aware of what they were signing up for. Ms. Powers said in her case the process was very thorough and the UTOPIA person actually left her and her husband documents to review and if they agreed, to sign. It would be difficult to not know what they were signing and they had plenty of time to ask questions. Individuals need to take responsibility for their own actions and quit blaming someone else.

She asked if people are aware that UTOPIA is doing all they can to generate more revenue? They are going back into the communities who already have the fiber capability and signing up new customers. They are constantly working to bring on new providers to make sure that the users are getting better choices and competitive pricing. They are brainstorming to figure out ways to generate more revenue so that the risk is less to the communities who are participants. They are working diligently to take care of the customer problems that happen in any project of this magnitude and overcoming the negative press that they have received. They are not sitting back and doing nothing but asking for more money.

Ms. Powers agreed that the process has not been as smooth as people would have liked, but every day that goes by it gets better. She said she was not thrilled UTOPIA is asking for more money, but she also does not want this commodity to fail.

At this point, Ms. Powers said she cannot figure out why people are still trying to put an end to it. There is now more competition in the market and she has been getting offers from Qwest, Comcast, Dish Network and other carriers for better pricing than what she was getting before. She would think this is a benefit to every person who did not sign up. This would not have happened if UTOPIA had not come in. There are benefits to those who did not sign up.

Ms. Powers said it seems that the best interest of every citizen in the community is for UTOPIA to succeed. If it doesn't, taxpayers are going to be paying for it for the next 33 years with absolutely nothing to show for it. She will be paying personally for it and will have nothing of value for her money. The City cannot get out of paying at this point. There is no going back. The commitment has been made. The City must go forward and do everything possible to make it successful. Ms. Powers urged the City Council to continue their partnership with UTOPIA, since Brigham City is in fact a part owner of the UTOPIA network. She also urged the naysayers to put behind them what has already occurred and look only at what can be done going forward.

Ms. Powers added that she has never tried to hide the fact that Joshua was her son and works for UTOPIA.

Jim Madsen, 722 So 300 W - Mr. Madsen said he supported UTOPIA before Mayor Christensen was Mayor. He compared what has happened to building a home. A person buys the property, gets the required permits, and starts to build. Building costs go up so they cannot finish the home. They need to refinance or sell out. If they want to stay there, they have to refinance. This is where Brigham City is with UTOPIA. The City did not anticipate these increases. The City has already started on a project, then URS threw a wrench in our spokes and almost disabled us. They had to come up with something else. The costs for connection was \$1,200, now it is \$3,000. UTOPIA is good for competition; competitor prices have come down. Even with that decrease, Mr. Madsen's first year with UTOPIA cost him less than he paid for the same services last year. All Brigham City needs is to get 25% of the households to participate. The City needs to stay with UTOPIA. The City has received more than what they have paid out so far and it is only fair that the City pay extra because of the costs. Mr. Madsen said he trusts Mayor Fife; he trusts his judgement. He also trusts the City Council to make the right decisions.

Mr. Madsen said he does think the City needs to have more oversight on UTOPIA. When they installed his services, he had an empty dumpster. He went to put something in it and there was almost 130' of cable. They could have used that somewhere else. He expressed concern with oversight and waste in the system.

LouAnn Christensen, 809 S 585 W - Ms. Christensen said they have UTOPIA in their home and have enjoyed it. She explained that as former Mayor of Brigham City, it was clear that in order to pay for existing City services without raising property taxes, they had to do two things: 1) employees had to work smarter with tightened budgets, and 2) the sales tax base had to increase. Employees are to be commended for finding ways to cut costs. Mayor Fife and the City Council have done an outstanding job in making cuts to meet the decreased revenue projections for the upcoming budget and they are to be commended. Sales taxes are 23% of the overall General Fund revenues whereas property taxes are only 5% of the General Fund revenues. The key to building sales tax is to retain and expand existing businesses and to bring additional opportunities for jobs. Jobs bring families who want to locate here and purchase homes. This in turn increases the population base, which is the major ingredient to entice retail.

Ten years ago Brigham City was approached by a business owner who realized that in order to compete in today's world a fiber connection was needed. Competition has changed from local to global through the innovation of fiber optics. Box Elder Telecommunication Partners and the Brigham City Telecommunications Task Force were formed to study the best method to join this information highway. UTOPIA was formed to build a fiber optic highway where service providers pay to use the highway. In 2002, Brigham City joined UTOPIA, and for several years, Mayor Christensen and Mr. Paul Larsen served on UTOPIA's Executive Board. Eleven cities joined together, dedicated to build the infrastructure to bring a higher quality of life to their residents and an opportunity for businesses to succeed. Typically, cities compete against one another for revenues; however, with UTOPIA, all cities are united in one purpose, that of building the infrastructure of a fiber optic highway to all UTOPIA cities, bringing potential opportunities and revenue back to the cities.

The original pledges were supported by the 11 cities to keep the interest rate of the bonding as low as possible. The pledges were dedicated to only be used if the take rates from UTOPIA cities were not enough to cover the bond. This was projected to happen during the initial build. Brigham City is the first UTOPIA City to be built out under the new model. This is Brigham City's network. Any other UTOPIA City could have been the City chosen to be built out, with the exception of Tremonton who was built out under the old model. This resulted in the City not owning their own fiber. All the other UTOPIA cities stood back and supported Brigham City's fiber network total build out before their own. Over time, as the UTOPIA network continues to expand throughout other cities, take rate revenues will increase thereby decreasing the need for additional funding from the cities. All pledges and revenues expended by cities to UTOPIA will eventually be paid back to the cities over time through additional take rate revenues received by UTOPIA. The more businesses and residents that sign up to use the UTOPIA highway, the greater chance for success with every dime being paid back to Brigham City. Ms. Christensen emphasized the need to support the other UTOPIA cities. These cities wanted Brigham City to succeed by allowing Brigham City to build the entire City with a state of the art fiber optic highway. Brigham City wants the other UTOPIA cities to be successful as well. Their success guarantees Brigham City that pledges and revenues supporting the UTOPIA highway will be paid back in full to the City over time.

Kathryn Webster, 121 N 300 W – Ms. Webster said UTOPIA is nothing more than a boon doggle. They are continually asking for more money and Brigham City cannot afford to keep paying. She cannot afford the \$3,000 to bring the fiber to their house and she doesn't know too many that can. She had asked the Mayor, if this is going to bring in new business, where are they? They only thing it has done is keep GEM Manufacturing in town. She has not seen any other business come in, and she did not think there will be any more business.

Ms. Webster said she did not care if the internet is going to be faster. People are going to sit at their computers all day anyway.

Ms. Webster stated that since they have installed UTOPIA in her neighborhood she has had nothing but problems with her phone service, and she didn't even sign up for it. Any time they do an install she has problems with her phone. She went two days without a phone. She is not the only one with these problems. Every time they get it resolved, and as soon as anyone on her street gets UTOPIA installed, she loses phone service again. This needs to be resolved. People are also having problems with their televisions and computers. She did not think it is worth it.

She asked why Brigham City is the one that has to take this on? Brigham City is not Ogden or Salt Lake City. Brigham City residents cannot afford to put up money to keep UTOPIA going. She did not agree with cutting back employees and other services to keep UTOPIA going. It was a great idea, but it hasn't turned out the way it was supposed to.

Mike Phillips, 148 N 600 E - Mr. Phillips stated that he attends City Council meetings when he can and every time UTOPIA representatives came to City Council, they always had a list of what they foresaw and always gave the worse case scenario. Nothing gets initiated without bumps. He did not understand people that sign up for something and then complain about it later. They have a personal responsibility for their own actions. They signed up for UTOPIA because it is a better deal for them. They have control over what they want. He compared Brigham City and UTOPIA to a small town in Wyoming where his daughter and son-in-law live. They are able to have their headquarters in a small town and reach everyone in the world because they have

fiber optics in this small town. Brigham City will be the same way. The economy is bad now, but when it turns around Brigham City will be like that small town. Fiber optics is a life blood for businesses. The City Council has to vote after they have seriously researched this issue and determined what is in the best interests of the citizens. Mr. Phillips added that he is not disappointed that he signed up for UTOPIA. It has been the best service he has ever had.

Ben Lloyd, 830 E 300 S – Mr. Lloyd said he has been with all the providers in Brigham City - Qwest, Comcast, Dish and Direct TV. They are all in the business of providing some kind of service to our home. UTOPIA is going to make it or break it based on whether they can provide an equivalent or better service at an equivalent or better price. He felt that Brigham City is in a good position. We can do a case test and see if it's going to work. They will get us a service and determine whether it is better than the competition. People will respond to that. However, he was concerned about the amount of money Brigham City has pledged. It is \$12M already, or \$400,000 for 32 years. The City also bonded \$7M to put infrastructure in throughout the City. He recommended not putting any more money into UTOPIA until it is known that it will work. If it's better more people are going to sign up. He was concerned that Brigham City's money is going to build other cities out which will raise our costs. If they raise our costs then operating costs won't be able to compete with other companies. It is as simple as that.

Paul Roberts, 316 N 500 W – Mr. Roberts was one of UTOPIA's early customer. He has been following and supporting UTOPIA since he first heard about it. He has been very pleased with it and has been using it for the internet for 12 months. In the few weeks he has had the television through UTOPIA he has been very, very pleased with it. He felt that UTOPIA is essential. Comcast and Qwest will not provide the band width needed to do any functioning on the internet. He spends 2-4 hours a day indexing on the computer for family research. He can get a full image as fast as he can click the mouse. He will never get that with Comcast or Qwest. He remembers in the 1950s when everyone paid \$15 a month forever to rent a phone. Now people are paying \$140/month for their connection plus their phone bill. UTOPIA, with 10,000 times the bandwidth plus TV, is a no brainer on cost. In the long term, this is a minimal cost. If we look back at the history of Brigham City, Lorenzo Snow was a genius in establishing the principles and guidance that are still guiding Brigham City. Mr. Roberts felt that he would have been the first to sign up.

Todd Jensen, 238 W 100 S – Mr. Jensen said he admires the passion on both sides of this issue. They both have good points. He said he likes to see passion in leaders. This is our future. Everyone has a right to their voice. He does not want to see milk toast, he wants to see passionate representation - people standing up for their values. He did not think anyone should try to tamp down anyone's voice. He asked if UTOPIA is too big to fail. He questioned whether the City should keep putting money into UTOPIA forever. If a banker is financing a business and they keep coming back to the banker asking for more money, the bank may back them a little further, but at some point the bank is going to say no more. As far as personal responsibility, there are incidences when people were mislead. Everyone did not have the same experience with UTOPIA. Some had a good experience, some did not.

Dale Smith, 893 S 300 W – Mr. Smith said the former Mayor reminded him that this is our system, this belongs to the citizens of Brigham City. The technology of UTOPIA works. His concern is that UTOPIA started calling on the tax pledges in February 2010. They are asking for money that hasn't come in yet. He did not think anyone would tell their children to do that. He did not think anyone that works at ATK would spend next year's Christmas bonus anticipating they will still be working there. These are large red flags. Does UTOPIA have enough money since its inception to do its day-to-day operations? Is the administration taking cuts in pay to save money? These are the things the Council needs to look at. In a big corporation the Chairman of the Board or President's salary is based on his success. UTOPIA has not operated in the black since its inception. Mr. Smith said he has UTOPIA and likes it. His concern is the debt. He cautioned the City Council against going into so much debt.

LuEtte Halladay, 35 E 700 N – Ms. Halliday said if people only look for today, they'll miss out. We have to look toward the future. There is so many new technologies that will be beneficial. Now we have broadband, but so many people are getting on broadband that it is crowded and slowing down. She compared it to freeways. When six-lane freeways were constructed in the Los Angeles area, it helped with the traffic flow. Now the those same six-lane freeways are congested and it takes two hours to go 30 miles. Broadband is the same way, it is getting filled up. New technology will continue to fill it up and it will go slower and slower. With fiber

optics, everyone on the North American Continent can get on it and never see each other. That's what makes it so good. There has been concern that something new will come along, but what goes faster than the speed of light? If we have fiber optics, doctors will be able to operate on people and have a specialist back east see what they are operating on and tell them how to do it. Day care parents will be able to see their children. The elderly can have parents in a home and see what they are doing. It will greatly benefit school children. They will be able to take a whole school room to the Smithsonian Institute. There will be homework centers where kids can see skeletons. It can be a learning center for all of us.

Sharon Ross, 551 N 400 W – Ms. Ross said when they got their connection, the pole to their house was broken and they had to come back a few times, but she said she loves it. Her only concern is that she didn't understand the contract. It was sold to her and she was not told there was going to be a lien on her house. She said she likes futuristic things. We have to grow. We have to get used to futuristic things. She compared it to a new pair of shoes, it takes some getting used to. However, she really does not appreciate that she has a lien against her home. She will gladly pay \$25 a month and is glad that Brigham City has UTOPIA. It will help the City grow.

Mary Beth Farrer, 827 E 300 N – Ms. Farrer said when they first moved to Brigham City, they started having problems with their TV service and couldn't get all the channels. When they called their provider they were very rude and told them they were not supposed to have those channels and asked how they got them. A few years later they moved into another home and had lived there for several months and started having problems with the TV again. When they called, they were again told they were not supposed to have the channels. Ms. Farrer told them to remove them. They decided not to have any TV service, so now they run off an antenna so they don't have to be abused by the terrible coverage by the only company in town. When she first heard about UTOPIA, the first thing she thought was that it gives people a choice. Her brother was the Chief Information Officer at a university and he was behind UTOPIA from the beginning because he could see what it will mean; a choice and an opportunity for the people. They pay less for UTOPIA per month for TV, internet and phone than they were paying for internet and phone before. She is a school teacher and does grading at home. She spends hours and hours grading papers at home. She has a six-year-old computer. She can now do her grading in five minutes that would have taken her a half hour before. She agreed there are bumps in the road. Their TV has gone off, but that's OK. There will be issues. It has been a big blessing for her in the way she makes a living to have these services in her home. Businesses that rely on a world wide connection to run their businesses will look at places with fiber optics to set up their business before they'll look at communities without them.

Iantha Folkman, 1485 S 675 W – Ms. Folkman said she is also speaking for her husband. With some of the comments heard, she wondered if people forget that we are living in some difficult economic times in the County. This needs to be taken into consideration. There are people that use the broadband service, fiberoptic network for their livelihood. Her husband and her son both depend on it. At the senior center UTOPIA is making a big difference in their work load. Things that would take them a half day is now much faster. In their home they experienced a few bumps. There were a few things they didn't particularly like, but the rewards are worth it. Her husband asked her to specifically mention that he is supportive of fiber optics for Brigham City and feels that the City is doing the right thing because we own the network. He worked with UTOPIA from the beginning. There are advances in technology all the time. Just like our forefathers provided for us, we need to provide for the next generation. The United States does not rank the same in the world as we have in the past. It is important that we give the youth every opportunity available. If fiber optics is going to help in the schools, then we should stay up to date.

Jeremy Hunsaker, 333 N 300 W – Mr. Hunsaker said he has had UTOPIA for two months and loves the service. The issue he has is with the UTOPIA management and the way Brigham City was built out. He felt it would have been better to do it on our own. UTOPIA has made promises they have not kept. If the Council moves forward with this he said he hoped they will have more oversight and control over the management of UTOPIA. They are taking longer to do what they say they will do and they don't do what they say they will do. He suggested working with UTOPIA and extending Brigham City's knowledge and experience with other member cities. Brigham City wanted this, so we stepped up and pledged tax dollars. The other cities that want it need to step up and do the same thing. Brigham City needs them to succeed.

Mr. Hunsaker stated that he was disappointed in the attendance at this meeting. He was also disappointed in the lack of available information on UTOPIA. He would appreciate more information in the newsletter or on the website. He had several questions. He asked what the take rate is in Brigham City. What is the revenue coming in? What is the bottom line every month? How much is UTOPIA costing the City every month and what is coming in? The major problem is that people don't know what is going on. There are some things out there but it is not easily accessible.

Lisa Upton, 553 S 600 W – Ms. Upton was concerned with a statement on the handout that was provided. The statement reads “These payments constitute a loan to UTOPIA and will be repaid with interest if UTOPIA’s revenues grow and overtake operational and debt expenses.” She said the word “if” really bothers her. Her auto loan or house loan have to be repaid whether her income goes up or down, so UTOPIA should not be any different. It is similar to the trillions of dollars in loans the U.S. Government hands out to other countries that have never been repaid. There needs to be a guarantee that Brigham City will get that money back.

Marlene Harper, 590 S 300 E – Ms. Harper said she does a lot of computer work in her home. They had a really good experience with their set up. They were told they would get it in June or July, and they provided it to their home on May 26. They have had excellent service. They can download a movie instantaneously. Ms. Harper said she is working on a degree. She had some school work she needed to download. This would normally have taken her 30 minutes and it took her three minutes. This saves her a lot of time. As a person that is in academia, she is thrilled with it. Anyone that has a home business will be thrilled with it. Now we have a choice. She added that she is grateful that we have an opportunity to help fellow communities that helped us.

Thomas Egelund – Mr. Egelund asked why he has to subsidize his neighbors. UTOPIA should be regarded as a utility and those that want it should pay for it. This takes away his freedom.

The Council responded to citizen questions.

Is UTOPIA too big to fail, can it fail? - Councilmember Marabella responded that yes, UTOPIA can fail. If there is not enough revenue generated to offset the cost to operate the system, then the system will fail. Ultimately, whether it fails or succeeds, Brigham City is still obligated for \$400,000 for the next 30 years. It is in the best interests of Brigham City and its citizens to find a way for it to succeed.

Councilmember Jensen said the City needs to determine where to draw the line. That is why the Council had this meeting, to find out where to draw the line. This is not the Council's money, it is the citizens' money. UTOPIA is going to ask each of us to keep supporting this. The answer depends on all of the citizens and what they are willing to give.

What is Brigham City's take rate? - Mayor Fife stated that it is 25%-31%. Councilmember Marabella said the City wanted to get 25%, and has achieved that amount.

How much revenue is being generated per month? - Mayor Fife said this is not known yet. They are not all in yet. Revenue will start coming in next month when customers start paying their monthly assessment. Billing for this has been delayed until July. This should generate \$34,000/month if everyone is connected and paying. However, there are some expenses associated with that. UTOPIA has quite a bit of expenses to connect. They currently have approximately 17% of their expenses to keep UTOPIA going.

Why do I have to subsidize my neighbor's UTOPIA? - Councilmember Christensen explained that the main amounts that are being paid to UTOPIA are being paid by those who get the service. If you don't get the service you don't pay. Several years ago the City set aside funds in an escrow account and are now being drawn on for the first time. They will only be drawn on as long as UTOPIA needs those funds to pay the bond. These are not going toward operation costs, they are going to pay the bond. Sometime in the future when there is enough people signed up that will stop. When they get to a certain point in the future UTOPIA will pay that back.

Councilmember Christensen said there were not a lot of questions, but there was a lot of concern expressed. A few people expressed concern about the City paying and paying money. He said the bond money is the first

time the City has paid any money. The City has also paid some of the build out costs, which will be paid back as more people sign up. He has heard people ask when UTOPIA is going to stop asking for more money. This is really not the case. They are asking for additional funding, but the Mayor and Council have not made any decision about this. They are still working the numbers and working with UTOPIA on how to do the build out. Other cities have not done that, so Brigham City will need to receive credit for that.

Mayor Fife stated that the City has met with UTOPIA and gone over lessons learned, some of the problems and how they can do better in other cities. UTOPIA has learned a lot from their experience in Brigham City. The plan going forward does not include liens on homes. It will be tied to utilities and under a contract. He added that the City is not trying to hold anything back from the citizens. All the councilmembers' email addresses are on the website and there is a link to UTOPIA.

The Council adjourned to reconvene at a regular Council meeting at City Hall at 7:05 p.m.